

RD AN No. 3745 (426.2)
April 10, 2002

TO: Rural Development State Directors,
Rural Development Managers, and
Community Development Managers

ATTN: Program Directors and State Environmental Coordinators

FROM: Arthur A. Garcia *(Signed by Arthur A. Garcia)*
Administrator
Rural Housing Service

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Administrator
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Administrator
Rural Utilities Service

SUBJECT: Use of FEMA Form 81-93, Standard Flood Hazard Determination

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide guidance pertaining to use of FEMA Form 81-93, Standard Flood Hazard Determination. Use of this form is required by the National Flood Insurance Reform Act (NFIRA) of 1994.

COMPARISON WITH PREVIOUS AN:

This is a reissue of RD AN No. 3670 (426.2), dated June 28, 2001, which expires June 30, 2002.

EXPIRATION DATE:
April 30, 2003

FILING INSTRUCTIONS:
Preceding RD Instruction 426.2

BACKGROUND:

NFIRA required the Federal Emergency Management Agency (FEMA) to develop a Standard Flood Hazard Determination Form (SFHDF). NFIRA also required Federal entities for lending regulation and Federal agency lenders to develop regulations requiring the use of the form. The Federal entities for lending regulation (Office of the Comptroller of Currency, Federal Reserve System, Federal Deposit Insurance Corporation, Office of Thrift Supervision, Farm Credit Administration, and National Credit Union Administration) published regulations making the use of the form mandatory, effective January 2, 1996. The Rural Housing Service (RHS), the Rural Business-Cooperative service (RBS), and the Rural Utilities Service (RUS) are Federal agency lenders as defined in NFIRA.

IMPLEMENTATION RESPONSIBILITIES:

RD Instruction 426.2, National Flood Insurance, is currently being revised to reflect the new requirements of NFIRA, including a provision to require the use of the SFHDF. Until the revised agency regulations are published, the following guidelines are issued:

- **Direct loans and grants:** The SFHDF will be used when direct loans or grants will be used to acquire, construct, or rehabilitate a building, including a manufactured home. "Building" means a walled and roofed structure, other than a gas or liquid storage tank, that is principally above ground and affixed to a permanent site, and a walled and roofed structure while in the course of construction, alteration, or repair. Underground utility lines and underground pumping stations are not "buildings." The SFHDF is to be completed by the loan official responsible for preparing the environmental review for the proposal. Printed copies may be ordered from the Finance Office. An SFHDF will also be completed by the intermediary when an intermediary, using Agency funds, makes a loan or grant to a third party.
- **Single Family Housing Section 502 and 504 Direct Loans and Section 504 Grants in excess of \$5000:** Field staff will access the Trans Union Flood Compliance Services, Inc. web page at www.tuflood.com to obtain the SFHDF. All other conditions of this AN apply. For further information on accessing the web site, refer to the Direct Single Family Housing Field Office Handbook, HB-1-3550.
- **Exemption:** The requirement to purchase flood insurance, and consequently the requirement to complete the SFHDF, does not apply to financial assistance with an original principal balance of \$5000 or less and a repayment term of one year or less. Both conditions must apply for the exemption to be applicable.
- **Guaranteed loans:** Since use of the form was mandated by the Federal entities for lending regulation effective January 2, 1996, guaranteed lenders must submit a completed SFHDF as a part of their initial request for guaranteed financial assistance, if the financial assistance is for a "building" as described above.

The information on the SFHDF is important in two ways. First, the SFHDF provides specific information with regard to the proposal's location, its proximity to floodplains, and the availability of flood insurance for that area. This information is necessary for a determination of **site eligibility**. Floodplain sites are not eligible for Federal financial assistance unless flood insurance is available through the National Flood Insurance Program. Second, the SFHDF provides specific information on floodplain identification that is necessary to complete the Agency's environmental review.

For all programs subject to RD Instruction 1940-G, the completed SFHDF must be completed in conjunction with and attached to Form RD 1940-22, Environmental Checklist for Categorical Exclusions, or included as an exhibit to the Class I or Class II Environmental Assessment. For the Rural Utilities Service's programs subject to 7 CFR 1794, the completed SFHDF should be attached as an exhibit to the Environmental Report for Categorical Exclusions or the Environmental Assessment.

We encourage you to work closely with your State Environmental Coordinator and with your guaranteed lenders to ensure flood insurance policies and procedures are effectively integrated with loan processing and servicing activities. Should you have questions on this AN or on other flood insurance issues including access to floodplain maps, please call Susan G. Wieferich at 720-9647 or Brian LaFlamme at 720-9656, Rural Housing Service, or Mark Plank, Rural Utilities Service, (202) 720-1649.